

2.6 FINANCE PLAN

2.6.1 Phase 1 (NC 211 at MM 20 to I-40 at MM 81)

An initial preliminary Finance Plan has been developed for Phase 1 that investigates the use of bond funds to finance the Phase 1 improvements within a well-defined financing. The bonding analysis conducted as part of the finance plan development assumes project revenues would be used to fund as much of the Phase 1 costs as possible. Any additional surplus revenues that remain after the debt obligations and renewal and replacement for Phase 1 are covered can be used for Phase 2 projects. Details of the preliminary Finance Plan are contained in **Appendix B**. The Finance Plan would be updated in later project stages, as more details regarding the project become available.

The preliminary Finance Plan evaluated two cases, a 'Net Pledge' case and a 'Gross Pledge' case. The 'Gross Pledge' scenario assumes that Operations and Maintenance costs are pledged by an outside funding entity, in this case the NCDOT, and are taken out of the preliminary Finance Plan. The 'Net Pledge' case includes the Operations and Maintenance costs as a project cost to be paid by toll equity.

A bonding capacity analysis was performed for Phase 1. The major results of this analysis are summarized below:

- Net Pledge- Phase 1
 - The 'Net Pledge' case has a \$180 million upfront funding gap. The requirement that Operations and Maintenance costs are to be paid from toll equity lowers the amount of toll revenue available to pay debt service.
 - The 'Net Pledge' case generates residual revenue (after debt service, operations and maintenance, and renewal and replacement) of approximately \$14.1 billion over the 40-year term of the bonds. The net present value of this cash flow is \$3.24 billion.
- Gross Pledge-Phase 1
 - The 'Gross Pledge' case has no upfront funding gap. With the Operations and Maintenance costs being guaranteed by another funding source, in this case the NCDOT, there is additional toll revenue available to pay debt service, thereby increasing the bond capacity. Phase 1 is self-sufficient under the 'Gross Pledge' case.
 - The 'Gross Pledge' case generates residual revenue (after debt service and renewal and replacement) of approximately \$16.4 billion over the 40-year term of the bonds. The net present value of this cash flow is \$3.30 billion.

2.6.2 Phase 2 (Remainder of Corridor)

Phase 2 includes all the improvements to the remainder of the I-95 corridor. The present day cost estimate for the Phase 2 improvements is approximately \$2.63 billion. This is within the range of the net present value of both the 'Gross Pledge' and the 'Net Pledge' presented above for Phase 1. A series of Phase 2 projects would be developed as a part of the final Finance Plan for this project. This will be developed with input from stakeholders and will address the capacity, safety and obsolescence needs of the corridor.